



NYSE: SUG

American Gas Association Financial Forum

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Safe Harbor for Forward-Looking Statements



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SUG Operations





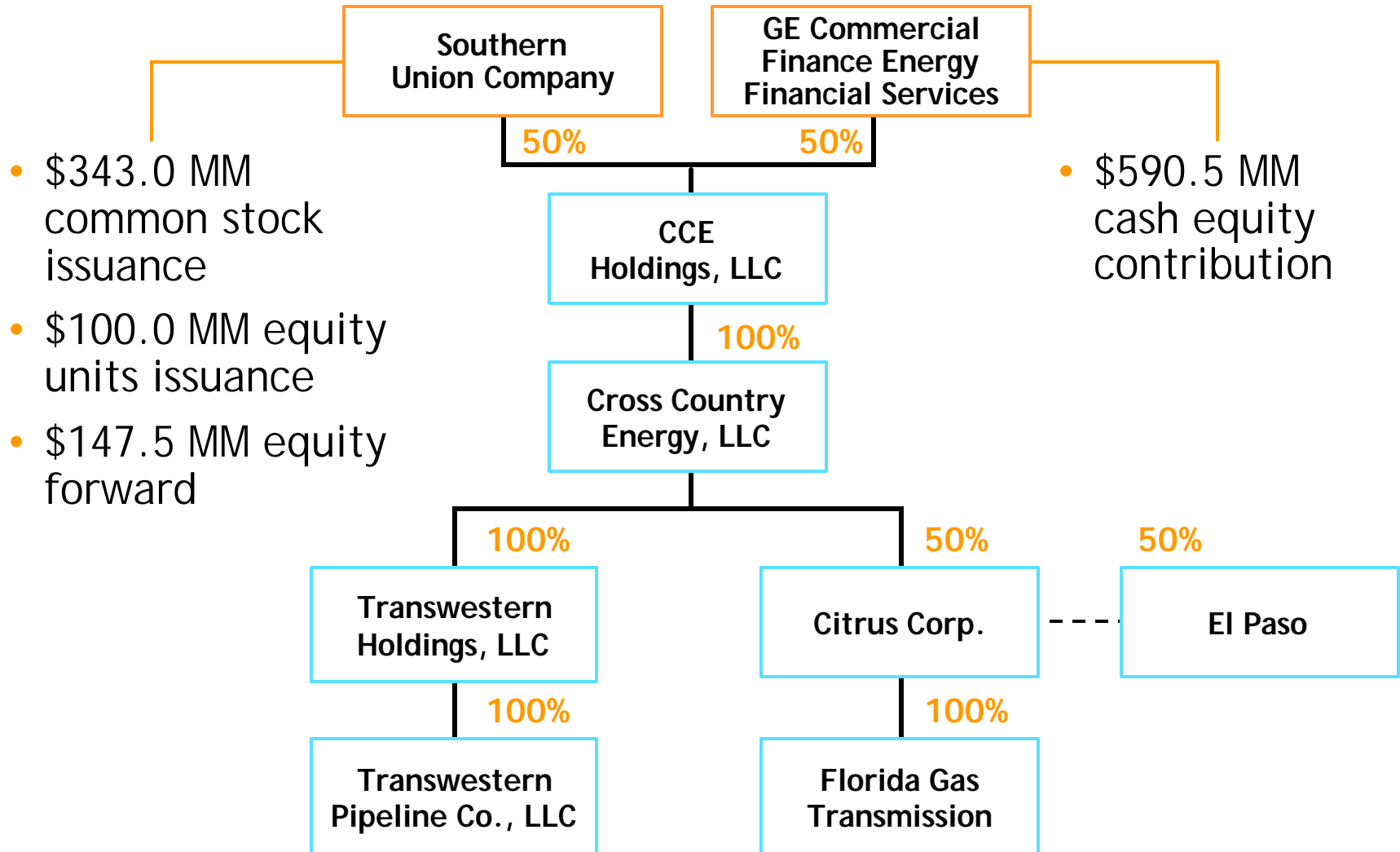
The CrossCountry Acquisition



Transaction Highlights

- On November 17, 2004, CCE Holdings, LLC completed its acquisition of 100% of the equity interests of CrossCountry Energy, LLC from Enron Corp for \$2.45 billion
 - CCE Holdings is 50% owned by SUG
 - The remaining 50% is owned by GE Commercial Finance Energy Financial Services and other investors
 - Concurrently sold partnership interests in Northern Border Partners to ONEOK for \$175 million
- Key transaction elements
 - SUG to operate under a management services agreement
 - Retention of key CrossCountry executives as part of new integrated pipeline management team
 - Contractual call provisions facilitate potential for increased SUG ownership
 - Investment grade rating throughout CrossCountry/CCE Holdings family with limited upstream dividend restrictions

CrossCountry Acquisition Structure





Strategic Rationale

- Transforming acquisition of franchise assets that establishes SUG's leadership in the regulated natural gas industry
- Complementary North American energy infrastructure with access to key end-user markets and important sources of natural gas supply
 - Southern California, Florida and Southwestern United States are among the fastest growing natural gas consumption markets
 - Well-positioned to provide transportation services for growing San Juan and Rocky Mountain production
 - Enhanced access to anticipated LNG imports along Gulf Coast and from the Bahamas
- High-quality asset base and experienced management team
- Integration synergies of \$25 million expected with existing operations, 70% occurring in 2005 and the remainder in 2006
- Stable cash flow and earnings profile with meaningful organic growth opportunities



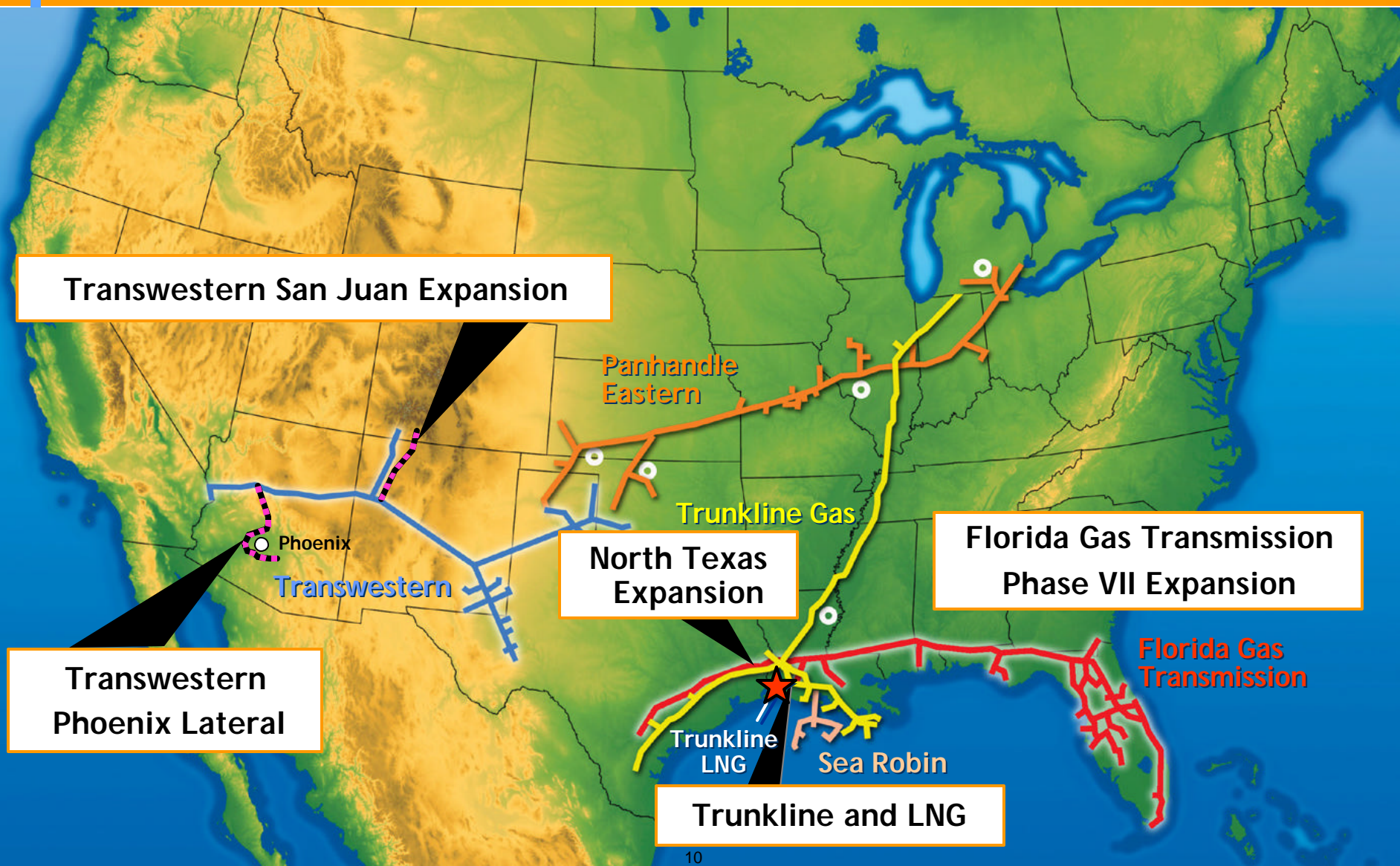
CrossCountry Energy

	Transwestern Pipeline ⁽¹⁾	Florida Gas Transmission ⁽¹⁾
CCE Ownership Interest:	100%	50%
Pipeline Miles:	2,400	5,000
Daily Transportation Capacity (Bcf/d):	2.0	2.1
Key Supply Basins:	San Juan/Permian/ Anadarko/ Rockies	Onshore & Offshore Gulf Coast
Primary Markets Served:	California/Arizona/Texas	Florida
Avg. Remaining Contract Life:	3 years	11 years

(1) Operational figures represent 100% of the respective operations of each of Transwestern Pipeline Company and Florida Gas Transmission.



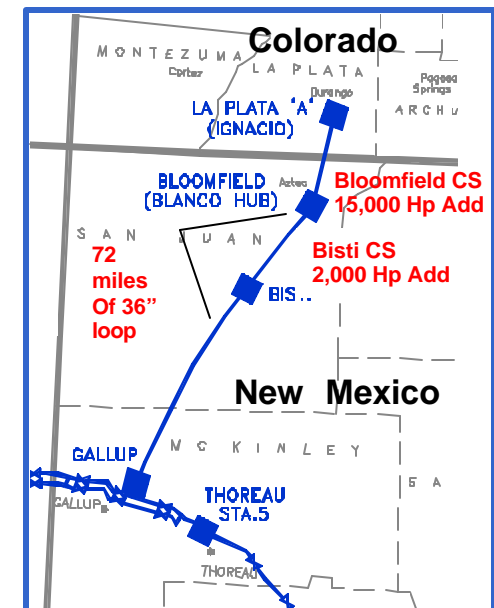
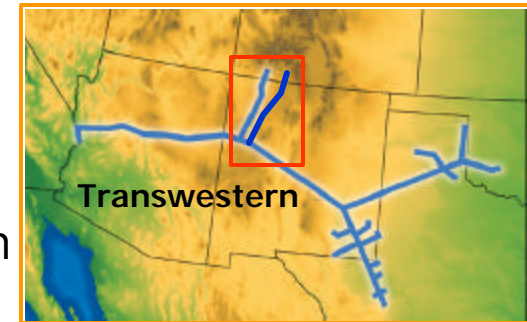
Opportunities for Growth



Transwestern San Juan Expansion Project



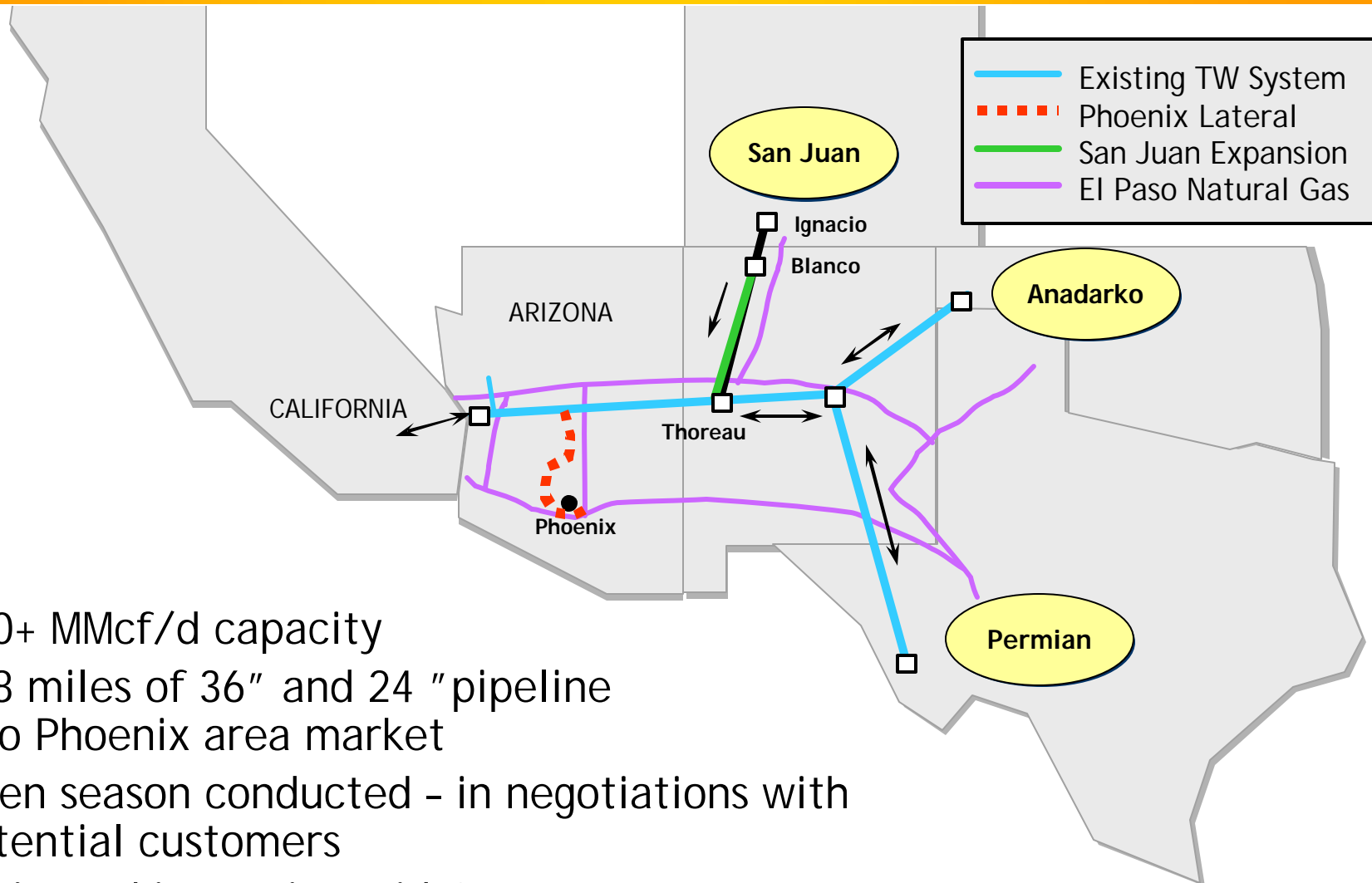
- 375 MMcf/d increase in San Juan lateral capacity, increasing total lateral capacity to 1,235 MMcf/d
- 72 miles of 36" looping; incremental horsepower at existing compressor sites
- Total capital expenditures of approximately \$150 million
- 310 MMcf/d of capacity has been committed under 10-year contracts
 - Additional 16 MMcf/d contracted for one-year
 - Negotiations underway for remaining 24-34 MMcf/d Nov-Mar & 49 MMcf/d Apr-Oct capacity
- In service date of May 2005



Projected Annual Revenues

(\$ in millions)	Year 1-3		Year 4-10	
(Volume in MMcf/d)	Vol	Revenue	Vol	Revenue
Committed revenues	323	\$ 30.9	320	\$ 27.7
Expected revenues	52	\$ 5.0	55	\$ 4.7

Transwestern Pipeline Phoenix Lateral

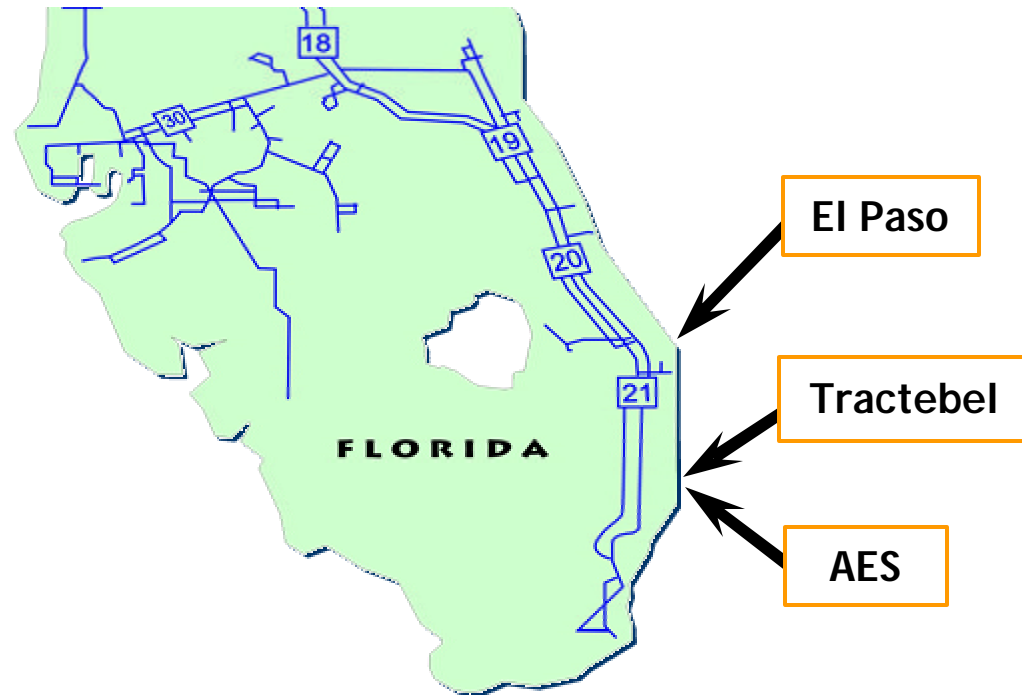


- 500+ MMcf/d capacity
- 258 miles of 36" and 24" pipeline into Phoenix area market
- Open season conducted - in negotiations with potential customers
- Projected in-service mid-2007

Florida Gas Transmission Expansion Opportunities



- Completed Phase VII open season
 - Increase capacity by 100 to 160 MMcf/d
 - Projected cost of \$60 to \$100 million
 - In service 2Q or 3Q 2007
- Reviewing proposed Bahamas LNG projects





Panhandle Energy



Panhandle Energy

Panhandle Energy

Pipeline Miles:

10,000

Daily Transportation
Capacity (Bcf/d):

5.4

Key Supply Basins:

Gulf Coast, Deepwater, Midcontinent,
Rockies, and global LNG

Primary Markets Served:

Midwest, Canada and Northeast
Markets through interconnects

Avg. Remaining Length of Contract:

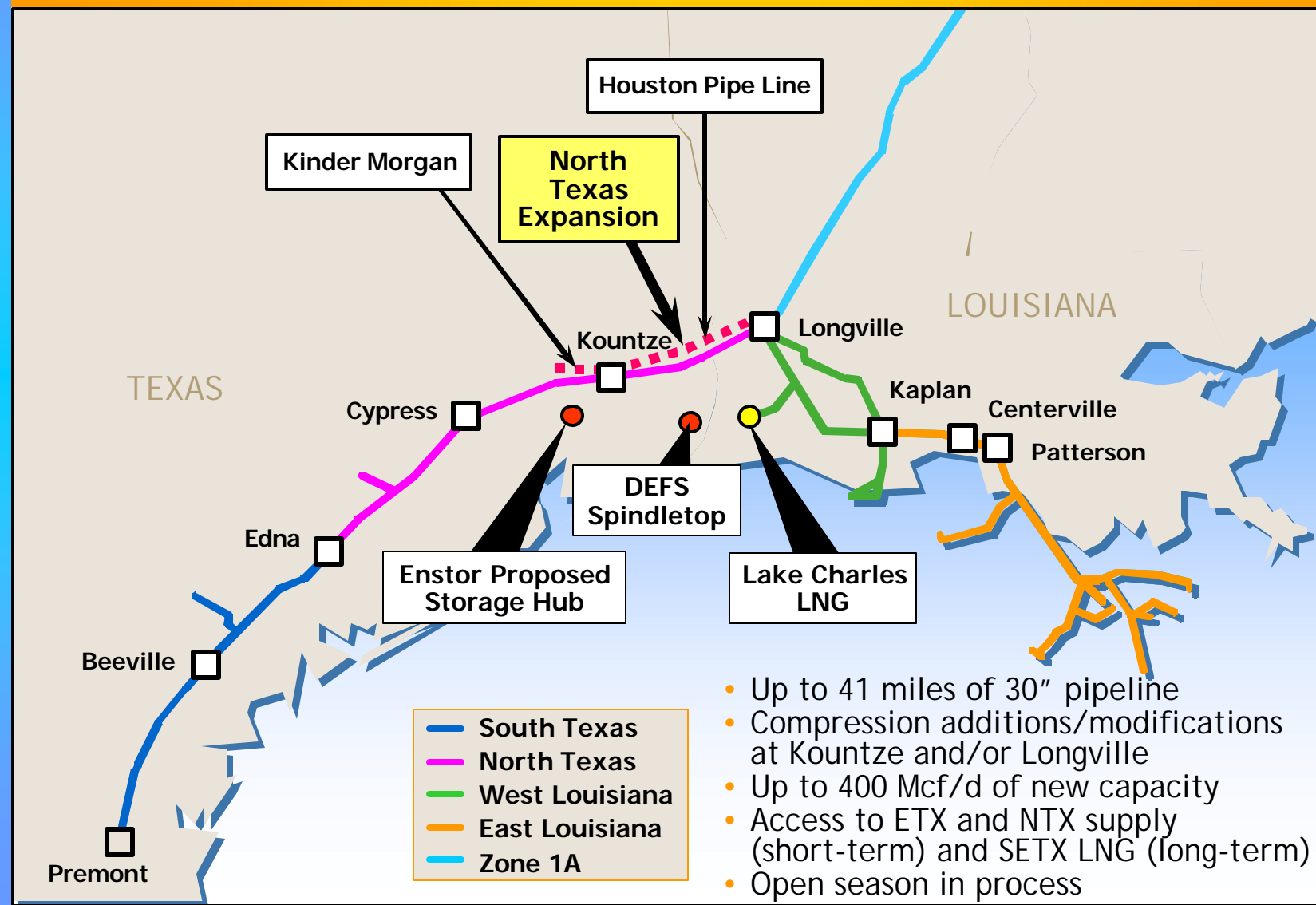
3 years - PEPL
10 years - Trunkline
3 years - Storage

Storage Assets:

72 Bcf owned, 15 Bcf leased



North Texas Expansion





Trunkline LNG Company



Above: Artist's rendering of expanded facility.

- One of North America's largest operating facilities
- Received 47% of total U.S. LNG imports in 2003⁽¹⁾
- Fully contracted with high credit quality counterparty—BG Group—until 2023
- 630 MMcf/d baseload sendout
- 6.3 Bcf storage
- Ability to handle high calorific cargoes

Trunkline LNG Is the Leading Player in LNG Sector



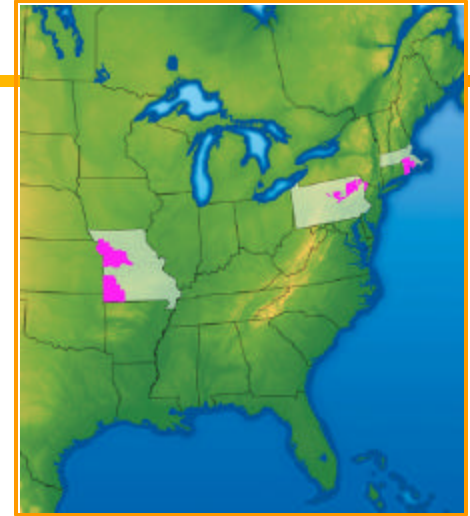
LNG Expansion Projects

Overview

- Total project costs of approximately \$250 million excluding capitalized interest
- All expansion capacity and sendout fully contracted to BG through 2023
- Projects to generate approximately \$80 million in annual revenues with a significant portion falling to EBITDA
- Projects will begin contributing to earnings in CY 2005 and will have full-year earnings impact in CY 2007

Progress

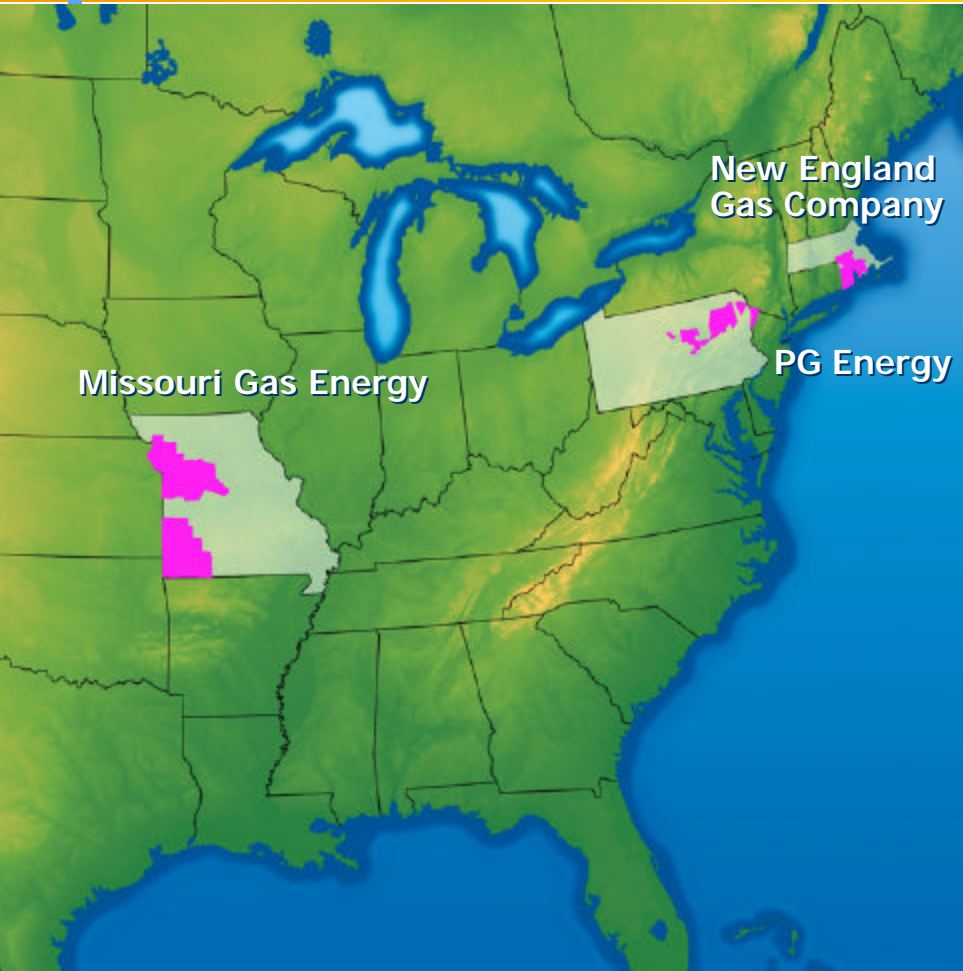
- Phase I
 - Construction underway
 - Double sendout capacity to 1.2 Bcf/d
 - Increase storage capacity to 9.0 Bcf
 - In service by December 2005
- Phase II
 - FERC approved September 2004
 - Increase sendout capacity to 1.8 Bcf/d, with peak of 2.1 Bcf/d
 - Completion by mid-calendar 2006
- Trunkline Loop
 - FERC approved September 2004
 - Increase takeaway capacity to accommodate expansions
 - Completion by July 2005



Local Gas Distribution Divisions



Natural Gas Distribution Assets Overview



- Limited commodity price risk
- History of constructive rate-making, sharing and recovery mechanisms
 - Weather normalization in Rhode Island
- Highlights:
 - Serve nearly one million end-user customers
 - Retail sales: 112 Bcf
 - Transportation volumes: 61 Bcf

Stable, Diversified Cash Flows

Geographic Diversification Unified by Strong Operations



Missouri Gas Energy



- Headquartered in Kansas City, MO
- Serves approximately 500,000 customers
- Serves 34 counties throughout MO
- Regulated by the Missouri Public Service Commission
- MGE received a \$22.5 million rate increase effective October 2004

PG Energy



- Headquartered in Wilkes-Barre, PA
- Serves approximately 160,000 customers
- Serves 13 counties in northeastern and central PA
- Regulated by the Pennsylvania Public Utility Commission

New England Gas Co.

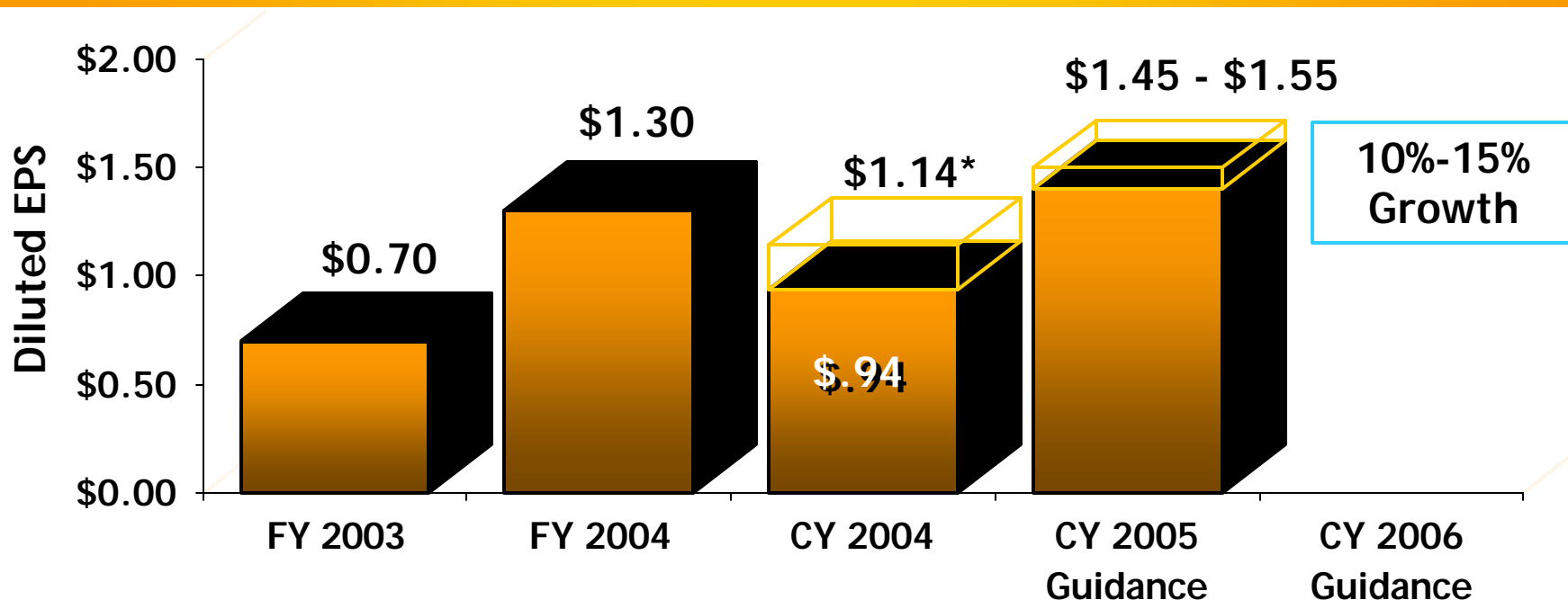


- Headquartered in Providence, RI
- Serves approximately 300,000 customers
- Serves the state of Rhode Island and southeastern Massachusetts
- Regulated by the RI Public Utilities Commission and the Massachusetts Department of Telecommunications & Energy



Financial Highlights

Strong Earnings Growth Profile



Key 2005 Estimate Assumptions

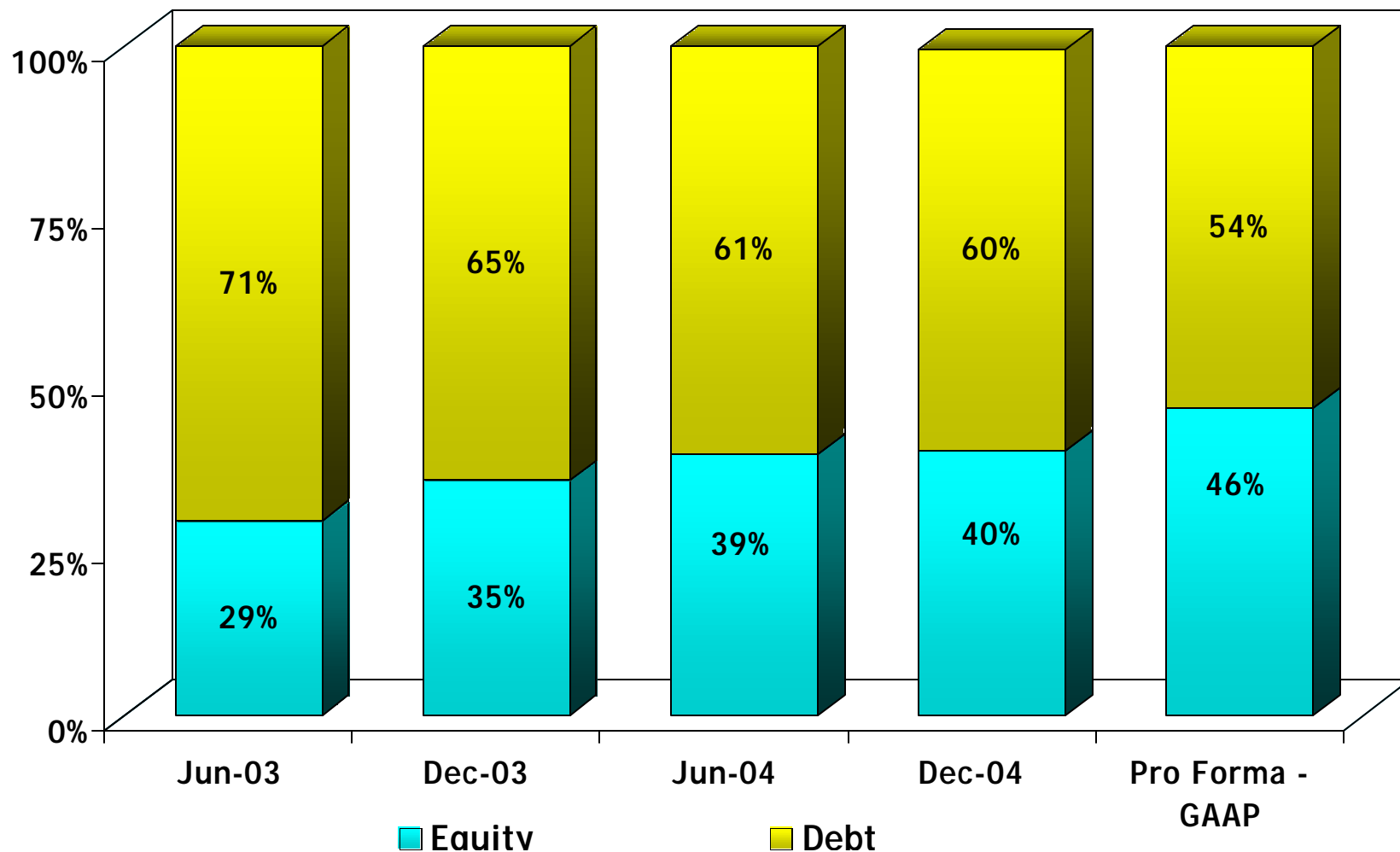
- CCEH contribution for full year
- \$17.5 million of synergies
- Full year of MGE rate case

2006 Growth Drivers

- LNG expansions
- Remainder of synergies
- San Juan expansion



Reducing Leverage - Consolidated Capitalization



Note: Total debt/total capitalization includes preferred stock and convertible equity units as 100% equity. Dec-04 debt balance excludes short-term bridge loan. Pro Forma GAAP adjusts for the equity and equity unit offerings in Feb. 2005 with net proceeds repaying short term debt.



Why Invest in SUG?

- One of the largest pure-play regulated natural gas companies in the United States
 - 18,000 miles of interstate pipelines serving customers from coast to coast/transportation of over 10% of total US consumption
 - Three distribution divisions serving 1 million customers
 - Owns and operates the only LNG receipt terminal on the U.S. Gulf Coast
- Proven acquisition track record
 - Successful integration of five acquisitions since 1999
 - Focus on regulated energy infrastructure assets
- Attractive business profile and earnings and cash flow growth visibility
 - High quality, stable and predictable cash flows
 - Low business risk with nearly 100% of businesses regulated
 - Outstanding low risk growth opportunities



Questions & Answers